

# Can Global Economic Governance Accommodate Assertive Nationalism?

Jean Monnet Network on EU-Canada Relations international research conference on

Global Economic Relations in the Trump Era and After

Panel 2: Impacts of Nationalist Economic Policies on Global Economic Governance, 11:00am to 12:30pm

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# Nationalism and Global Governance

- The relationship between global governance and assertive nationalism has always been fraught. One thinks of Italy, Japan and Germany leaving the League of Nations in the 1930s
- However, post-WWII, assertive nationalisms have been better handled, at least with respect to security and relations between great powers.
- Global governance must advance the national interests of individual countries, while also resisting the strongest expressions of those interests.

# The Two Fundamental Tenets of GEG

- 1. No system of government can survive if its constituent parts determine that it is illegitimate. Nationalism that is too extreme and too assertive cannot be accommodated by any system of global governance short of force. If too many countries are similarly nationalistic, the system will collapse.
- 2. That caveat aside, GEG has always been fundamentally a question of convincing stakeholders (predominantly nation-states) that all powerful interests (predominantly powerful national interests) benefit from agreeing to operate within a rules-based global economic governance system.

# The Question

- The question, then, is whether GEG can accommodate specific cases of unusually assertive nationalism. More specifically, can GEG continue to thrive in a time of Trumps, Putins, Bolsonaro and Xis?
- There is hope that it can. How?

# The 5 Principles of Inclusive Global Institutionalism

- The 5 principles of Inclusive Global Institutionalism (IGI) are the following:
  - Inclusion
  - Caution
  - Simplicity
  - Legitimacy
  - Flexibility
- These five principles are a recipe for effective and stable long-term global economic governance.
  - Aspirationally, they are principles for democratising global governance.

# The Case of the World Trade Organisation

- Let us take the World Trade Organisation (WTO) as our case.
  - It is in many respects the linchpin of GEG, and is as vulnerable to nationalism as any GEG institution.

# Inclusion

- ‘Inclusion’ means the development of the capacity of an International Organisation (IO) to incorporate the greatest number of stakeholders, necessarily including both member-governments and civil society
- This manages nationalism by creating governmental and sub-governmental links between countries and economies.

# Inclusion

- Examples of 'Inclusion' in the WTO:
  - WTO membership includes nearly every country in the world
  - The WTO makes policy by consensus.
  - Any member may initiate a dispute against any other.
  - WTO Public Forum
  - Third-Party *Amicus Curiae* briefs in the DSB
  - NGO participation in Ministerials
- Yet more must be done to include civil society in the agenda-creation process.

# Caution

- 'Caution' entail skepticism of the human capacity to undertake reform or policy *a priori* or in great revolutions
- The principle therefore argues against radical reform to address nationalism

# Caution

- Practical examples of the principle of 'Caution' within the WTO:
- The consensus principle requiring that all members give at least tacit support to any change or new policy
- The requirement for preliminary consultations before formal adjudication of disputes helps to maintain relative comity
- The requirement for reverse consensus in order to block the establishment of a dispute settlement panel

# Simplicity

- Engage where possible, reform where possible and not damaging, and above all avoid totalising, systematising 'solutions'
- This may mean abandoning or scaling down multilateral trade agreements for a period of time until nationalism is again less widely popular

# Simplicity

- Focus on areas of relatively clear and easy agreement that can keep the nationalist members engaged in multilateral governance
- Focus on reforms to which the nationalist members can agree
- Allow the WTO to continue as a manager of global trade, particularly through the DSM.

# Legitimacy

- Inclusion, Caution and Simplicity support the stability necessary to foster Legitimacy through juridification
  - Juridification is the ingress of law upon global economic governance.
- Juridification strengthens legitimacy
  - As may be seen by the effort to save the DSM in the face of the Trump Administration campaign to render it inoperative.
- Juridification institutionalises access and process, which counters the impulsive and nakedly self-interested efforts of the most nationalistic members.

# Flexibility

- Flexibility is necessary for institutional survival
- Greater hybridization of hard-law and soft-law in the WTO will give greater flexibility.
- Examples in the WTO include the Agreement on Trade-Related Investment Measures (TRIMS), the Trade Policy Review Mechanism (TPRM), the Enhanced Integrated Framework (EIF) and Aid-For-Trade (A4T)
- Flexibility can require a shift in focus to smaller regional, bilateral and/or sectoral agreements when multilateralism proves too difficult.
  - This can actually strengthen multilateralism, contra Baghwati et al.